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Automotive News

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Luxury dealers in demand

Upscale imports battle for the best

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — The surge in new upscale, import automotive marques is setting up a scramble for top-flight dealers in key markets.

There are plenty of applicants for manufacturers to choose from, but the dealers the newcomers really want — well-capitalized, comfortable with affluent clients and with proven customer satisfaction records — are limited.

The biggest battle shaping up is between Honda's growing Acura Division and the startup efforts of Toyota's Lexus Division and Nissan's Infiniti Division, which together are projecting 1,000 dealers by the early 1990s. But the expansion of Austin Rover's Sterling dealer body and General Motors' efforts to set up Opel outlets by 1989 are adding to the crunch.

"Lexus and Acura are our two primary competitors," said William Bruce, head of Infiniti. "Many megadealers will choose one of the three. Others will have two or all three of us.

"A guy with one or two shops is more limited. He's the guy that will decide on one or another."

Acura, which expects to surpass 100,000 units in its second year of operation, is having no difficulty

see DEALERS, page 63

New Mitsubishi Galant sedan with active suspension will debut at Tokyo

TOKYO: *Opening of auto show finds makers adjusting to new era*

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Japanese automakers, preparing for the international invasion that will be created by the Tokyo auto show Oct. 29-Nov. 11, are coming to terms with their changed circumstances.

They have spent 1987 adjusting to the high yen and proving that, at least in the short term, they can live with it. But the long-term effects, at a time of increasing competition worldwide, may serve to reshape the industry by the early 1990s.

One thing is sure: There will be no let-up in new-product introductions in spite of the more straitened times. Mitsubishi will be among those showing fresh production cars at Tokyo, including all-new Mirage and Galant models bristling with high technology.

Behind the scenes, cost-cutting in Japan's auto factories has ranged from turning off restroom lights to redeploying line workers to new-car showrooms. The industry is as competitive as ever, and nowhere more so than at Toyota and Honda.

Toyota Motor Corp. is shaving back production by approximately 40,000 units due to a drop of more than 9 percent in sales in the United States in the January-August period.

Mitsubishi's other Tokyo newcomer is the Mirage

Domestic sales have increased 8 percent, but not enough to meet the expected drop in exports.

Tsutomu Ohshima, executive vice president, said Toyota anticipates reduced production for the second consecutive year. Sales in the U.S. market next year "are likely to be less," Ohshima said.

On the surface, the changes ma reflect the beginning of what Ohshima called "a new turning point for the automotive industry." Toyota's methods of dealing with the new circumstances reflect the company's overall strength.

Toyota is focusing on the domestic market, where it already has a 43 percent share and is believed to be aiming for 50. Previously, 70 per-

see SHOW, page 64

Dealers call mail rebates a mixed bag

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Direct-mail rebate programs aimed at selected consumers received mixed reactions from dealers across the country as General Motors and Chrysler Motors began mailing 33 million coupons to owners of their cars and competitive makes.

Some dealers said offering rebates to a small group of consumers could help otherwise soft sales and reverse a trend of declining owner loyalty.

Other dealers said the current direct-mail program is too narrow and that consumers not included may react negatively toward the dealer or manufacturer.

"The 1988 model year is a key opportunity (for domestic automakers) to take advantage of the fact that the Japanese will continue to raise prices. But the issue still remains, 'Is it (a direct-mail program) enough?' " said George Glassman, Glassman Oldsmobile, Southfield, Mich.

"I think it's the best idea in (showroom) traffic-building in a long time," said Jay Tittman, vice president of Longmont Chrysler-Dodge-Plymouth in Longmont, Colo. "The people who get these invitations are going to feel important. And, it returns emphasis to the new-car launch, instead of having the customers just think about year-end clearances."

Three weeks ago, Pontiac and Oldsmobile decided to offer direct-mail coupons worth $300 to $1,000 on 1987 and 1988 models.

Chrysler followed a week later with a similar program that offers a selected group of its owners and competitive-make owners rebates between $250 and $1,000 on a wide range of 1987 and 1988 Chrysler, Plymouth and Dodge vehicles.

see REBATES, page 68

Compacts pace truck surge

Sport-utilities, small vans hot items in '87 model year

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Compact trucks, led by small sport-utilities and small passenger vans, were the primary driving force behind the truck industry's sales gain during the 1987 model year.

For a change, the overall truck market also got a slight boost from rising medium- and heavy-truck sales.

Overall, the industry retailed 4,959,870 trucks in the 1987 model year, up 1.17 percent from 4,902,796 the prior year.

Compact trucks benefited not only from the crossover of car buyers, but also grew at the expense of full-sized, light-duty conventional models. Sales of full-sized light duties were off in all segments.

Compact trucks, including pickups, sport-utilities and minivans, accounted for 2,840,221 sales, or a 57.27 percent share of industry, up from 2,642,917, or a 53.91 percent share, in the previous model year.

Full-sized conventional light duties accounted for only 1,841,302 sales, or 37.12 percent of the market. That was off from 1,988,533, or 40.56 percent, the previous year.

Medium and heavy trucks inched up a bit with 278,347 sales, accounting for 5.61 percent of the industry total, compared with 271,346 or 5.53 percent of industry sales in the 1986 model year.

Within the large, growing compact segment, minivans barely edged out small sport-utilities. Each had nearly identical gains.

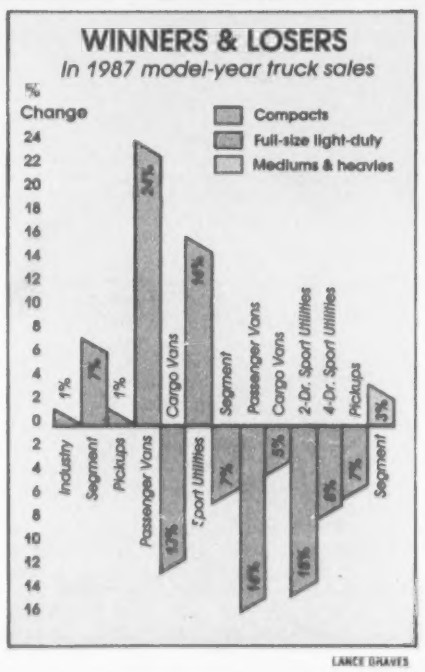
Manufacturers retailed 701,570 minivans vans, up 15.72 percent from 606,279 in the 1986 model year.

Within this small-van segment, passenger models accounted for 82.48 percent of the sales, while commercial cargo models accounted for the 17.52 percent balance.

Manufacturers like General Motors and Ford have been shifting their small-van production into passenger models — and away from commercial cargo vans — to satisfy consumer demand.

Compact passenger vans posted a huge 24.40 percent gain on sales of 578,650 units in the

see COMPACTS, page 68



Domestic sales plunge 39% in early October

By Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Early October car deliveries stalled out after a late-September attempt at recovery. Sales of U.S.-built cars dropped 39 percent from last year's equivalent 10 days when the market was driven by incentives.

Only Honda and Nissan could report that their U.S.-built car sales surged in the Oct. 1-10 period compared to a year ago.

The 10-day sales decline was not as drastic as last month's first-10-day domestic-car downslide of over 51 percent.

Unlike last year, most rebates ended Sept. 30 this year.

A few dealers reported that increased used-car sales helped offset slower new-car sales.

see SALES, page 68

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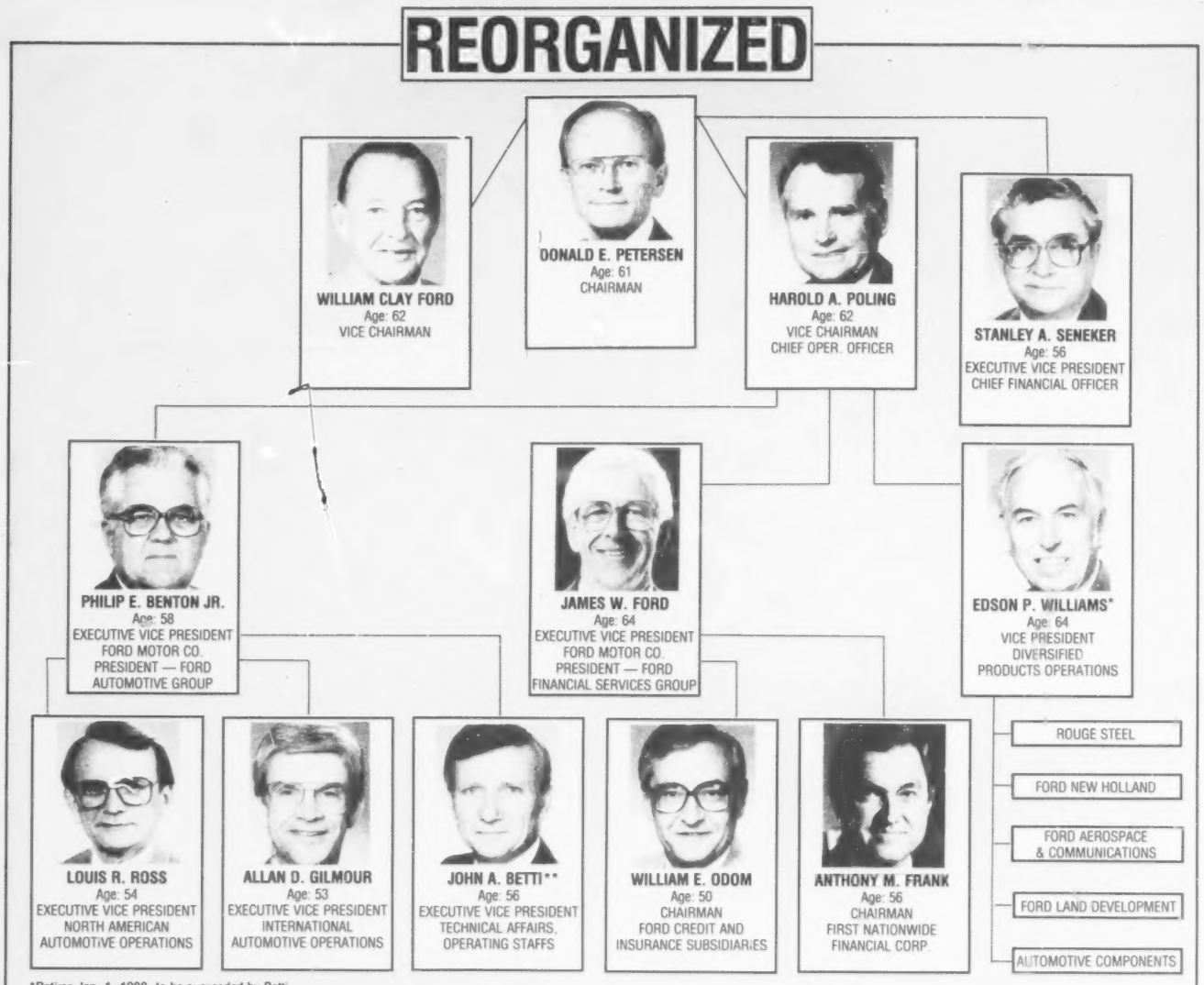

*Retires Jan. 1, 1988, to be succeeded by Betti.
**To be filled by Stuart M. Frey, 61, on Jan. 1, 1988. He will become vice president — technical affairs. Design, marketing, purchasing and supply staffs to report directly to Benton.

FORD SHAKEUP: *Top execs shifted as company aligns 3 main business groups*

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

DEARBORN, Mich. — Last week's management shuffle at Ford Motor Co. will allow the automaker to groom its future leaders while reshaping the corporate hierarchy to reflect the changing nature of Ford's business.

Most of Ford's key executives were repositioned. At the same time, the company aligned its three main business groups — automobiles, financial services and diversified products — under Harold A. Poling, who moves up from president to vice chairman.

Company officials said the appointments will help give executives the diverse background they will need to lead Ford. The announcements also served to confirm impressions of who has the best shot at succeeding Poling and Chairman Donald Petersen early next decade. Poling, 62, is set to retire in 1990 and Petersen, 61, a year later.

Among the apparent winners are executive vice presidents Philip E. Benton and John A. Betti. Benton picks up the title of president of the newly formed Ford automotive group and will oversee international and North American operations.

Benton's position is viewed as a key spot as Ford moves to integrate its engineering and product development activities worldwide. It also gives him the most prominent role in the corporation under Poling and Chairman Donald Petersen.

There is some doubt as to whether he would someday move into either of their seats, however. Benton turns 59 in December and is scheduled to retire just three years after Poling.

Betti, meanwhile, will become executive vice president in charge of diversified products operations on Jan. 1. The 56-year-old career-long automotive man will now get exposure to another segment of Ford's business.

Similarly, Allan D. Gilmour, 53, leaves his job as chief financial officer to fill Benton's position as head of international automotive operations.

On paper the move appears as a step down — Gilmour reported directly to Petersen and belonged to the four-member office of the chief executive. Yet there are strong feelings within Ford that the move simply affirms that Gilmour is destined to lead Ford someday. Now he will pick up exposure to the automotive and international sides of the business, which should complement his career in finance.

As industry analyst Jack Kirnan pointed out, Poling and Petersen have both worked overseas,

see FORD, page 63

Saturn pact different; 2,000 seek franchise

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

TROY, Mich. — Saturn Corp. this month will begin sorting through 2,000 applications — about the number it expected to receive from car dealers and others interested in its franchise.

The first dealer will be signed in February or March.

Meanwhile, Saturn has filed its franchise-offering circular with the Federal Trade Commission.

The franchise agreement is different from GM's other franchise agreements and those of other automakers in a number of ways.

Like the controversial new Jeep-Eagle franchise agreement, binding arbitration will be the final step in settling dealer-factory disputes. However, first the dispute must go before a mediation panel of an equal number of Saturn officials and dealers. The binding arbitration panel, too, is made up of both Saturn officials and dealers.

The National Automobile Dealers Association opposes the use of binding arbitration and has protested Chrysler Motors' inclusion of that requirement in its Jeep-Eagle franchise for former American Motors dealers. NADA said it is continuing efforts to get Saturn to change the provision. However, Saturn has informed NADA that it will not be changed.

"We're not trying to run roughshod over anybody's rights," said James Cubbin, Saturn general counsel. "We're trying to protect their rights, but do it in a way that is less expensive and more expeditious."

Saturn's plan to settle disputes came from the 15 dealers who helped write the franchise.

Dealers also will help write the rules for how mediation and arbitration are conducted. Matters will be settled within three to six months rather than three to five years in the court system, according to Saturn officials.

Saturn executives point out that the franchise will appeal to sophisticated, well-financed business persons. They will be aware of the dispute resolution process long before signing a franchise agreement.

The Saturn franchise agreements have no expiration date.

see SATURN, page 68

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Potamkin Cadillac sold; Penske to add lines

By John A. Russell
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — Penske Corp. has acquired the Manhattan operations of Potamkin Cadillac and announced that new Chevrolet and Buick franchises would be added, creating a Penske Auto Center of New York.

Chairman Roger Penske said the two new franchises should open by year end, making Penske the largest General Motors dealer in Manhattan.

Roger Penske and Victor Potamkin signed the agreements last week.

The Penske Auto Center will operate at three leased facilities in Manhattan. GM plans to spend $8 million renovating the facilities; one will get a complete facelift.

The complex leasing arrangement took several months to complete. Under it, GM leases properties from Potamkin for 25 years at $3.1 million per year, adjusted for inflation, and then subleases them to Penske on a per-car-sold payment basis.

The Potamkin organization has over $1 billion in annual sales. It will continue to operate Chrysler Dodge, Plymouth, Sterling, Mitsubishi, Toyota and Volkswagen franchises in New York.

Penske's billion-dollar Retail Automotive Group sells over 30,000 vehicles a year. Penske's Longo Toyota in El Monte, Calif., is the world's largest Toyota dealership and Penske Cadillac is one of the nation's largest.

Penske plans to add Chevrolet and Buick and create Penske Auto Center

GM broadens component exchange for dealers

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

General Motors recently began several programs that allow dealers to exchange malfunctioning component assemblies for new units instead of repairing them.

These programs involve newly introduced components and will allow the company to gain early feedback on quality.

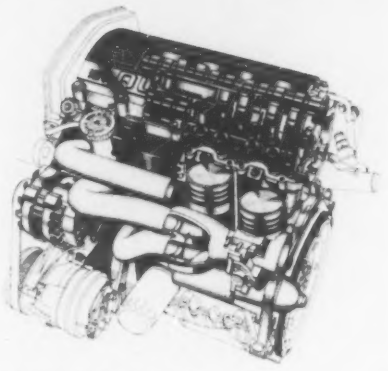
Included are the Quad 4 engine and ignition assembly in the Oldsmobile Calais; water pumps and serpentine belt tensioner bracket assemblies from the Quad 4 in the Oldsmobile Calais, Buick Skylark and Pontiac Grand Am; and the Borg-Warner five-speed manual transmission in the 1988 Chevrolet Camaro and Pontiac Firebird.

A GM spokesman also noted that the company has long had exchange programs for electronic "black box" assemblies.

"We want feedback from the beginning. Our goal is to have the most reliable, best product," said Donald Miles, chief engineer for the Quad 4 with Buick-Oldsmobile-Cadillac powertrain.

GM has conducted similar programs in the past, but Miles said "I think that on major components this is probably the most extensive exchange program we have had from the start."

Oldsmobile is the only division involved in the Quad 4 engine exchange, taking responsibility as the lead division for service on the powerplant, Miles said.



Oldsmobile Quad 4 engine

B-O-C doesn't anticipate any problems with the new engine, Miles emphasized. However, if problems develop, for example because of a supplier quality slippage, B-O-C wants to find out early, Miles said.

Among the problems for which GM will exchange a Quad 4 engine are cylinder block cracks; knocks as a result of problems with crankshaft or rod bearings or piston assemblies; low compression; and excessive oil consumption.

The Quad 4 features a distributorless integrated direct ignition system that also is covered by an Oldsmobile parts exchange program.

Although the system is used on other GM products, its packaging is different on the Quad 4.

"Our concern is the temperature environment. Temperature is harmful to the coils (that are mounted under an aluminum engine coverplate). We have been pleased to find that the cover serves as a heat sink," Miles said.

When a dealer finds a failure in an Oldsmobile, Buick or Pontiac Quad 4 water pump or tensioner belt, service bulletins ask dealers to return the failed part to B-O-C. These parts can be replaced from a dealer's parts inventory.

Another new product is the five-speed Borg-Warner manual transmission on 1988 Camaro and Firebird models.

Borg-Warner made significant changes in the transmission and the company "is trying to get earlier information on the product to be certain of its integrity," said Steve Zirkle, director of sales for the Borg-Warner Automotive, Transmission Systems Division.

The Borg-Warner exchange program is being conducted in cooperation with the Chevrolet-Pontiac-Canada Group of GM. Both Chevrolet and Pontiac have published service bulletins explaining the program to dealer technicians.

Borg-Warner, however, proposed the program and is absorbing the costs associated with it, Zirkle said.

It also makes Borg-Warner stand out in a market filled with tough competitors, all of whom are producing high-quality products, he said.

"It is tougher to find things you need to work on as you get better, but everyone is working at a high level and you need to differentiate yourself. This type of program gives us a better ability to do that," he added.

An exchange program, Zirkle said, can allow Borg-Warner to catch a problem in the system or in a new product before it reaches a large number of customers.

Borg-Warner has provided dealers with a list of instructions to determine if a transmission qualifies for the exchange program. Borg-Warner, Zirkle noted, might recommend a repair procedure in lieu of an exchange. In the event an exchange is deemed necessary, the dealer can receive a new transmission in one or two days.

Both the Borg-Warner transmission and Oldsmobile Quad 4 exchange programs are scheduled to run until GM and Borg-Warner are satisfied they have obtained the necessary information.

Service volume continues to rise

Shop business up for 3rd straight month, but rate of gain slips

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — The Automotive News Service Index showed a slight increase in August. It was the third straight month that the Service Index has climbed.

Service and parts business at new-car dealerships rose 0.8 percent over the August 1986 figure.

In July, the Service Index increased 6.1 percent, and in June it climbed 5.9 percent.

Shop business during the first eight months of 1987 was up 2.7 percent over the same period in 1986.

Dealers mentioned a variety of reasons for the slight increase in August.

A Ford dealer in the Northeast said business increased because of a change in management of the service department and a better overall attitude in the shop.

Also in that area of the country, a Saab dealer said business was up as a result of more major repairs than usual.

A Rocky Mountain Chevrolet dealer attributed his gain to an increase in new-car sales plus more service traffic from tourists. Motor home repairs contributed a great deal to his business.

SERVICE INDEX 100.8★

	August, '87 vs. August, '86	8 mos., '87 vs. 8 mos., '86
Gross Profit on All Labor and P&A Sales	+2.1%	+5.9%
Repair Orders Written	+0.2%	−2.3%
Total Labor Sales (Customer & Warranty)	+0.4%	+1.8%
Shop Parts Sales (Customer & Warranty)	− 2.9%	+2.9%
Sales of All P&A	+ 4.2%	+5.2%

★ Survey by Automotive News shows that dealers' service and parts business in August 1987 was 100.8 percent of business in August 1986. Service business in the first 8 months of 1987 was 102.7 percent of business in the corresponding period in 1986.

A Western Cadillac dealer said his service business declined as a result of less body shop work and fewer car sales for the year with less warranty work as a result.

Two dealers queried reported that their service business was about the same as in August 1986.

All indicators with the exception of shop parts sales (customer paid and warranty) were positive in August. Shop parts sales showed a 2.9 percent decline.

Sales of all parts and accessories led the August indicators of service business within dealerships with an increase of 4.2 percent. Gross profit on all labor, parts and accessories sales rose 2.1 percent; total labor sales (customer paid and warranty) climbed 0.4 percent; and repair orders written were up 0.2 percent.

Parts and accessories sales to off-premises customers climbed 10.6 percent in August.

Gross profit on all labor, parts and accessories sales showed the biggest gain of all in-shop indicators during the January-to-August period with an increase of 5.9 percent.

Sales of all parts and accessories were up 5.2 percent; shop parts sales increased 2.9 percent; and total labor sales climbed 1.8 percent.

Repair orders written fell 2.3 percent.

Parts and accessories sales to off-premises customers were up 6.7 percent for the first eight months of this year.

AUTOMOTIVE NEWS/ARTHUR FLAX

Super STAR tester and digital voltmeter are typical of modern service tools

Super STAR II helps technicians diagnose Ford engine problems

SHOP TALK

ARTHUR FLAX

Fixing a car these days requires a combination of old and new skills and technology.

One of the newest advances for Ford technicians is an inexpensive hand-held tester.

The Ford Rotunda Equipment department recently introduced a hand-held diagnostic tool called the Super STAR (self-test automatic readout) II. The Super STAR II is the latest update of its STAR and Super STAR testers.

The STAR testers read trouble codes stored in the Ford electronic engine control (EEC-IV) computer.

The first STAR cost about $130 and reads codes at the relaxed pace of one every several seconds. The Super STAR, introduced about a year ago, gathers those codes about 100 times faster, according to Shane H. Rachedi, project development engineer in the advanced service engineering department of the Ford Parts and Service Division. The technician can then play those codes back and forth at the push of a button.

The Super STAR was designed to be adaptable to future products, and the new Super STAR II includes the capability of working on the Ford Tracer and Mazda-built Ford Probe.

At about $170 for the Super STAR II or about $70 for an upgrade of the Super STAR to II status, each technician in the dealership can have one. The diagnostic abilities of the new tester also have been upgraded.

The Super STAR II can diagnose most electronic sensor malfunctions, according to Rachedi. For more difficult problems, Ford offers the EEC-IV Monitor and Recorder, at about $1,000, and is developing the Service Bay Diagnostic System, an advanced computerized diagnostic system that will carry a considerably higher price tag.

Even with modern technology, the technician must have mechanical skills.

Among the diagnostic procedures for the Super STAR are routines that require the technician to wiggle electronic connections or hammer on a manifold to activate a sensor.

Maserati boosts warranty to three years

Maserati has increased its new-car warranty from two years/24,000 miles to three years/36,000 miles.

The third year of the warranty will provide about 90 percent of the virtually complete car coverage of the first two years, according to Donald P. Morrissey, chief executive officer of Maserati Automobiles Inc., the North American importer and distributor. General Risk Management will administer the additional year of warranty, he said.

Maserati also is adding a customer-assistance plan that includes a towing service and trip interruption insurance service.

Maserati Automobiles also is adding a customer service manager.

"With the kind of product we are selling at the price we are selling it, we really have to have a way to communicate through our dealers to our customers that we are there to service them if there is any problem," Morrissey said.

The engines of older models, Morrissey admitted, were a bit temperamental as a result of a pressurized Weber carburetor and twin turbochargers. That, he said, has been corrected with the introduction of fuel injection on 1987 models.

Maserati technicians are trained at the company's service school in Baltimore. As new dealers are appointed, technicians from those dealerships are sent to the school.

The industry, however, has a universal problem in that it is difficult to find technicians who will stay at one dealership, Morrissey said.

Seasoned technicians have had a tendency to develop loyalties to low-volume makes such as Maserati and Ferrari, but it is difficult to develop that loyalty among newly trained mechanics, he said.

— Arthur Flax

September truck sales by manufacturer and segment

		14,000 & LESS GVW CLASS 1-3	14,001-16,000 GVW CLASS 4	16,001-19,500 GVW CLASS 5	19,501-26,000 GVW CLASS 6	26,001-33,000 GVW CLASS 7	33,001 & OVER GVW CLASS 8	TOTAL 1987	TOTAL 1986
CHRYSLER	MO	57,451						57,451	55,828
	YR	537,876						537,876	430,141
JEEP	MO	16,306						16,306	23,417
	YR	150,024						150,024	147,462
TOYOTA	MO	25,275						25,275	32,352
	YR	238,023						238,023	292,526
NISSAN	MO	18,732						18,732	22,916
	YR	167,129						167,129	175,962
MAZDA	MO	8,261						8,261	18,430
	YR	100,701						100,701	118,438
ISUZU	MO	7,931						7,931	8,623
	YR	69,526						69,526	65,350
MITSUBISHI	MO	4,433						4,433	2,691
	YR	38,454						38,454	23,886
SUZUKI	MO	6,077						6,077	3,709
	YR	65,259						65,259	32,246
SUBARU	MO	85						85	570
	YR	1,203						1,203	3,015
RANGE ROVER	MO	248						248	0
	YR	1,549						1,549	0
FORD	MO	109,872			725	3,238	1,133	114,968	152,919
	YR	1,058,230			7,718	24,159	9,799	1,099,906	1,068,539
FREIGHTLINER	MO						2,220	2,220	1,412
	YR						17,438	17,438	12,649
CHEVROLET	MO	96,825		18	710	700	58	98,311	145,438
	YR	894,929		161	6,008	5,712	295	907,105	989,195
GMC	MO	24,264		550	752	1,317	563	27,446	37,767
	YR	232,841		4,410	5,965	16,694	6,101	266,011	271,873
KENWORTH	MO					22	1,224	1,246	932
	YR					88	10,499	10,587	7,506
MACK	MO				159	140	1,592	1,891	1,525
	YR				1,849	2,082	14,047	17,978	16,085
MERCEDES	MO				120	180		300	380
	YR				1,181	1,711		2,892	2,823
NAVISTAR	MO		21	33	1,003	3,115	2,293	6,465	6,728
	YR		136	292	8,203	24,286	20,749	53,693	53,010
*PETERBILT	MO					26	1,288	1,314	828
	YR					72	8,969	9,041	7,229
VOLVO	MO					89	774	863	1,135
	YR					1,200	7,791	8,991	9,121
HINO	MO			58	52	102		212	62
	YR			373	361	705		1,439	655
NISSAN DIESEL	MO			37	21	58		116	86
	YR			387	212	612		1,211	310
ISUZU TRUCK	MO	435		18	29			482	425
	YR	3,849		123	225			4,197	3,588
MITSUBISHI FUSO	MO	111			18	29		158	0
	YR	595			136	353		1,084	0
SCANIA	MO						15	15	0
	YR						118	118	0
IVECO TRUCKS	MO	110	99	59	15			283	0
	YR	942	507	516	96			2,061	0
WESTERN STAR	MO						118	118	0
	YR						1,043	1,043	0
OTHER DOMESTICS	MO				16		65	81	59
	YR				114		804	918	811
GRAND TOTAL	MO	376,416	120	773	3,620	9,016	11,343	401,288	517,332
	YR	3,561,130	643	6,262	32,095	77,674	97,653	3,775,457	3,732,420
1986 YR to DATE		3,534,583	0	4,048	33,879	77,348	82,562	3,732,420	

Class 1-3 sales data reported by individual manufacturers; Class 4-8 data reported by Motor Vehicle Manufacturers Association.

U-Haul, Ryder fight; truckmakers benefit

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Competition between U-Haul and Ryder, the two largest truck-rental companies, is churning up a lot of sales for medium-duty truck manufacturers and giving rise to some uniquely configured vehicles.

U-Haul International, which is fighting to retain dominance in the moving-truck rental business, plans to buy 50,000 to 60,000 new trucks during the next five to six years.

By some accounts, U-Haul hasn't made any significant purchases of new vehicles since 1979. The average age of a unit in its fleet is reportedly close to 10 years.

Because of the age and Spartanism of its vehicles, the company has been losing market share to Ryder. Typically, its vehicles have lacked many of the luxury/comfort options that today's drivers are used to.

U-Haul has "gone for a lot of deluxe features" in the new trucks it is purchasing, a spokesman said, citing examples like AM/FM stereo and cloth seats.

U-Haul has given Navistar International a guarantee to buy "at least" 5,000 specially designed low-profile trucks, the U-Haul spokesman confirmed.

The new low-profile truck will have a special air suspension in the back. It will have a special valve control in the cab that makes the rear of the truck "kneel down" so a mover doesn't need a lift to load it.

The special control allows the vehicle to be loaded from ground level.

Other modifications include spring brackets that have been moved higher on the frame to get a lower profile.

The vehicle will be basically built off Navistar's S-series of medium-duty trucks.

A production version, or possibly just a mockup, will be shown at a press conference U-Haul is planning around Dec. 1, the spokesman said.

U-Haul has been talking to Ford and General Motors about other kinds of new vehicles, he added.

"We've worked with Ford quite extensively in the past, and we're also talking to GM," the spokesman said.

Officials haven't determined the exact mix of their vehicle purchases yet, the spokesman added.

Meanwhile, Ryder officials predict that they'll overtake U-Haul in the overall rental market by the end of this year.

Ryder bought nearly 27,000 new trucks for its consumer division in the past two years, including 8,700 so far this year, according to a spokesman.

Its average fleet age is less than two years, the spokesman said.

It has 35,000 trucks in its consumer fleet and 140,000 in its overall fleet operations.

Of the 8,700 trucks purchased in 1987, 5,400 are parcel vans with low, easy-load floors, the spokesman said, including trucks that have loading ramps.

Its trucks have amenities like air conditioning, power steering and radial tires. Most have automatic transmissions. The equipment was dictated by safety considerations as well as market demand, Ryder's spokesman said.

Ryder, like U-Haul, has special contract arrangements with some manufacturers to develop unique vehicles for it own use.

Like U-Haul, Ryder is developing a low-profile vehicle, in conjunction with Kenworth. It, however, is a heavier-duty truck, geared toward commercial shipping and delivery.

Ryder is working with a number of other original-equipment manufacturers, particularly suppliers, on various research projects for such things as new braking systems and electr ic "black-box" controls.

Typically, they include companies like Rockwell and Cummins.

Ryder also does a lot of primary research and testing with OE truck manufacturers.

In the past, it worked with Ford to spec out a new chassis that subsequently became a standard-use vehicle. More recently, it developed a low-profile trailer for Chrysler's Mopar parts distribution operation.

Most of its purchases have been Ford and GM vehicles, the spokesman concluded.

Private carriers called healthy despite decline in size of fleets

The National Private Trucking Association said private carriers are still a competitive force to be reckoned with, despite a falloff in their average fleet size.

The average fleet size of a private carrier has dropped by nearly a third during the past two years, according to Thomas L. Moore, executive director of the association.

Moorse said he didn't read into that figure a lessening of commitment to private carriage or even a contraction of private carriage.

He cited members who had cut the size of their private fleets but are still hauling more freight than before.

Private fleets are taking advantage of a number of operational freedoms obtained under economic deregulation to improve productivity and efficiency, Moore said.

For example, he noted that more than 40 percent of private fleets have obtained their common or contract carrier authority. Thirty-seven percent of private carriers are conducting compensated intercorporate hauling with a like number engaged in trip leasing.

The numbers are based on a readership survey by The Private Carrier, the National Private Trucking Association's monthly trade journal.

Moore said that, to date, single-source leasing — the ability to lease the driver and the equipment from the same source — has not caught fire. In fact, he said, only 12 percent of private fleets reported using that option, down from 19 percent two years ago. Moore said the decline is in inverse proportion to the rise of dedicated contract carriage.

September car sales drop 22% in Canada; trucks up 8%

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Sales of North American-built cars in Canada dropped sharply last month as dealers tried to clean out their 1987 models before the 1988s were introduced.

Canadian dealers delivered 47,160 North American-built cars, down 21.89 percent from 60,376 in September 1986. The Big 3 domestic manufacturers offered sales incentives to customers on selected 1987 cars and trucks.

For the first nine months of the calendar year, domestic makers sold 536,538 North American-built cars, down 7.43 percent from 579,575 in the first nine months of 1986.

Domestic truck sales in Canada — which have remained strong throughout the 1987 calendar year — showed a gain in September.

CANADA MARKET SHARES September 1987

Cars	
General Motors	49.70%
Ford Motor Co.	27.55%
Chrysler/AMC	19.25%
Volvo	.40%
Honda	3.10%
Trucks	
General Motors	39.56%
Ford Motor Co.	35.69%
Chrysler/Jeep	24.75%

Dealers sold 28,207 North American-built trucks, 7.98 percent more than the 26,123 sold in September 1986.

For the first nine months of the 1987 calendar year, domestic truckmakers sold 284,324 North American-built trucks, up 5.75 percent from 268,867 in the first nine months of 1986.

All five domestic manufacturers reported lower car sales in September than in the year-ago month.

For the third straight month, General Motors was the biggest loser in domestic car sales volume. GM dealers sold 23,438 North American-built cars, down 20.96 percent from 29,652 in September 1986. During September, GM offered $750 cash rebates or financing as low as 3.9 percent on selected cars and light trucks. Only cash rebates were offered in Ontario because of a provincial law that prohibits offering both.

Chrysler Motors sold 9,079 North American-built cars, down 38.75 percent from 14,824 in September 1986. Chrysler offered cash rebates of $500 to $1,500 on Chrysler, Dodge and Plymouth cars. No cut-rate financing was offered on those models.

Chrysler's September sales included 356 Renault Alliance and GTA models and 45 American Motors Eagle cars. AMC sold 733 Alliance and Encore models and 32 Eagles in September 1986. They are not included in Chrysler's 1986 figures. Chrysler Corp. acquired AMC on Aug. 5 and has incorporated the former AMC products into its new Jeep-Eagle Division.

In addition to financing as low as 3.9 percent, Chrysler offered rebates of $1,250 on Renault Medallions and $750 on Alliance and GTA models during September.

Ford Motor Co. reported that its dealers delivered 12,992 North American-built cars in September, down 13.01 percent from 14,935 a year ago. Ford offered its Canadian customers $750 cash rebates or financing as low as 3.9 percent on Escort, Taurus and Sable models. On Merkur XR4Ti, Ford offered $2,000 or the low financing. Only cash rebates were offered in Ontario.

CANADIAN SALES OF NORTH AMERICAN-BUILT VEHICLES

	Sept. 1987	Sept. 1986	Pct. Change	9 mos. 1987	9 mos. 1986	Pct. Change
CHRYSLER/AMC						
Cars	9,079	14,824	−38.75	108,353	120,440	−10.04
Trucks-Jeep	6,982	4,430	+57.61	58,582	45,375	−29.11
GM						
Cars	23,438	29,652	−20.96	271,912	302,311	−10.06
Trucks	11,158	10,690	+ 4.38	120,364	118,013	+ 1.99
FORD						
Cars	12,992	14,935	−13.01	145,421	147,886	− 1.97
Trucks	10,067	9,826	+ 2.46	105,378	94,999	+10.93
VOLVO						
Cars	188	200	− 6.00	1,831	2,051	−10.73
HONDA	1,463	—	—	9,021	—	—
TOTAL CAR	47,160	60,376	−21.89	536,538	579,575	− 7.43
TOTAL TRUCK	28,207	26,123	+ 7.98	284,324	268,867	+ 5.75

Sales of Canadian-built Volvos were off slightly. The Swedish maker sold 188, down 6 percent from 200 in September 1986.

Honda dealers sold 1,463 Canadian-built cars — all Accord models — in September. There is no year-ago comparison; Honda started production in its Alliston, Ontario, plant in November 1986.

GM, Ford and Chrysler set September truck sales records this year.

GM sold 11,158 domestic trucks last month, up 4.38 percent from 10,690 in September 1986. The previous September record was set in 1980 when the company sold 11,089 trucks.

Ford sold 10,067 domestic trucks in September, up 2.46 percent from 9,826 a year-ago, the previous peak for the month.

Chrysler sold 6,982 domestic trucks last month, up 57.61 from 4,430 a year ago, which was the previous record. Chrysler's truck sales this year included 5,104 Dodges and 1,878 Jeeps.

In addition to North American-built cars, GM sold 1,613 Suzuki-built Chevrolet Sprints, 1,340 Suzuki-built Pontiac Fireflys, 95 Isuzu built Chevrolet Spectrums, 89 Isuzu-built Pontiac Sunbursts and two Isuzu I-Marks.

Ford sold 889 Mercury Tracers, 29 Merkur Scorpios and 159 Merkur XR4Ti models. The Tracer is built in Taiwan; the Scorpio and XR4Ti are built in West Germany.

Chrysler sold 689 Mitsubishi cars and 16 Peugeot cars.

Honda sold 3,020 Japanese-built Honda cars, down 39.15 percent from 4,963 imported Hondas sold in September 1986. It also sold 583 Japanese-built Acura models this year; they were not imported in 1986.

Volvo sold 369 Swedish-built Volvo cars in September.

In the imported truck category, GM sold eight Isuzu Troopers and Chrysler sold 328 Mitsubishi trucks.

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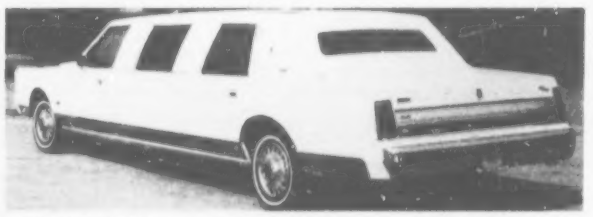

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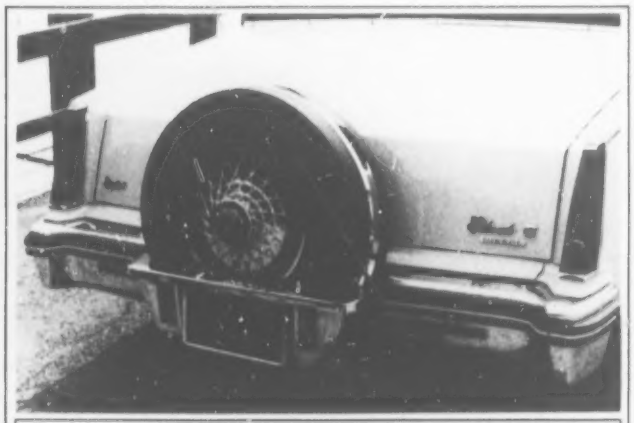

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Import stocks at 9-month low

Car-truck supply declines to 49 days from 52 on Sept. 1

By Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Imported car and light-truck inventories dropped to the lowest levels in nine months on Oct. 1.

That amounted to a 49-day supply, compared to 52 days on Sept. 1 and 39 days on Oct. 1, 1986.

October opened with 714,897 imported cars and light trucks in stock — at U.S. ports, in transit to dealerships and in stores — compared with 810,982 units on Sept. 1, down 18.36 percent.

The combined total of unsold imported vehicles was 30.35 percent higher than the year-ago stockpile of 548,455 units and was almost twice as high as the the Oct. 1, 1985, count of 365,205, which was equal to a 29-day supply.

Although September's domestic and imported car sales trailed last year's record September numbers, imported and U.S.-built-car inventories were both much slimmer on Oct. 1.

Imported-car stocks were the lowest since April 1. At the beginning of October, imported-car inventories declined to 547,966, for a 48-day supply, down 9.65 percent from last month's 606,500, a 51-day supply.

The Oct. 1 stockpile of domestically produced cars was the leanest in 12 months, equaling a 57-day supply. One year ago, inventories of U.S.-built cars were 35 days.

The slimmest car inventories were Honda's, which stood at 14 days for imported models and 11 days' worth of U.S.-built cars. Honda's domestic and import car inventories and day supply levels were higher than last month.

The company's inventory of upscale Acura models dropped and were equal to a 19-day supply compared to a 27-day supply last month and a 24-day supply a year ago.

Hyundai inventories dipped to 20 days' worth on Oct. 1, down from 29 days a month earlier.

Incentives and better sales in September diminished Subaru's stock to 59 days on Oct. 1 compared to a 90-day supply at the beginning of September.

The imported light-truck stockpile fell to the lowest number in 12 months. Oct. 1 inventories stood at 166,931 vehicles, a 53-day supply. That was down from last month's 204,482, a 56-day supply, but it was higher than last October's 156,731 light trucks, a 46-day supply.

Chrysler Motors' imported light-truck inventories were 54 percent lower than on Sept. 1. Chrysler and its dealers had a 39-day supply on Oct. 1 compared to 84 days' worth on Sept. 1.

The Oct. 1 inventory of imported cars by country of origin was shared as follows: Japan, 69.47 percent; Germany, 13.69 percent; and other countries: 16.84 percent.

On Sept. 1, the inventory shares by country were: Japan, 67.55 percent; Germany, 13.78 percent; and other countries, 18.67 percent.

Days' supplies by countries on Oct. 1 were: Japan, 49; Germany, 54; other countries, 40.

IMPORT DAYS' SUPPLIES

	Oct. 1, 1987	Sept. 1, 1987	Oct. 1, 1986
Chevrolet	90	110	41
Chrysler/Mitsubishi	82	80	58
Acura	19	27	24
Honda	14	11	9
Isuzu	68	54	96
Mazda	44	33	32
Mitsubishi	67	64	76
Nissan	83	92	40
Subaru	59	90	47
Toyota	24	21	21
JAPAN	49	51	34
Audi	47	83	86
BMW	61	60	57
Mercedes-Benz	48	52	27
Merkur	49	44	58
Porsche	58	96	32
VW	55	69	57
GERMANY	54	64	52
Alfa Romeo	103	65	31
Festiva	51	63	0
Hyundai	20	29	0
Jaguar	18	16	23
Peugeot	85	88	79
Pontiac	31	41	0
Eagle/Renault	279	237	21
Saab	46	46	27
Sterling	73	72	0
Volvo	43	44	29
Yugo	53	54	32
Other Countries	40	44	32
Total Import Cars	48	51	36
Isuzu	91	97	72
Mazda	49	29	26
Mitsubishi	63	80	98
Nissan*	74	88	55
Range Rover	20	31	0
Suzuki	32	19	21
Toyota	35	42	35
Chrysler	39	84	73
Total Imp. Trucks	53	58	46
Total Imp. Vehicles	49	52	36

*Includes domestic trucks

IMPORT SALES BY MODEL

	Sept. 1987	Sept. 1986	9 Mos. 1987	9 Mos. 1986
ACURA	10,112	6,531	80,267	29,291
Integra	4,753	3,290	42,531	16,197
Legend	5,359	3,241	37,736	13,094
ALFA ROMEO	449	989	5,024	5,890
GTV-6	3	65	60	501
Milano	251	579	2,052	1,647
Spider	195	345	2,912	3,742
AUDI	3,096	5,264	35,239	46,611
4000S	1,096	934	8,762	9,943
4000CS Quattro	543	363	2,683	2,941
5000S	520	2,930	15,574	24,372
5000CS Turbo	150	626	3,124	4,825
5000CS Turbo Quattro	469	209	3,522	2,293
Coupe GT	318	202	1,574	2,237
BMW	8,486	8,311	67,401	70,977
318i	0	11	15	885
524 TD	0	61	28	1,658
325	5,873	5,241	44,987	44,705
528e	716	1,450	7,256	10,107
535i/535iS	490	810	5,197	6,634
6-Series	316	192	1,597	2,048
7-Series	842	546	6,992	4,940
M3	150	0	570	0
M5	57	0	273	0
M6	42	0	486	0
CHEVROLET	15,814	23,087	103,637	128,934
Spectrum	8,112	18,018	60,243	77,571
Sprint	7,702	5,069	43,394	51,363
CHRYSLER/MITSUBISHI	11,023	16,048	97,609	103,381
Colt	7,419	12,019	63,307	73,369
Conquest	842	2,000	3,608	4,435
Vista	2,762	2,029	24,694	25,577
EAGLE/RENAULT	1,173	824	9,493	3,440
18i	0	562	0	2,048
Fuego	0	562	0	1,392
Medallion	1,173	0	9,493	0
FORD Festiva	5,885	0	16,414	0
HONDA	26,057	28,106	210,928	293,336
Civic/CRX	7,367	13,752	91,436	161,320
Accord	12,420	8,241	72,906	75,504
Prelude	8,270	6,113	46,586	56,511
HYUNDAI	21,099	20,192	205,477	112,967
ISUZU	3,424	3,000	30,603	24,664
I-Mark	2,798	2,100	25,250	15,202
Impulse	626	900	5,353	9,462
JAGUAR	2,192	2,063	16,340	17,388
XJ6	1,561	1,749	12,240	14,055
XJS	631	314	4,100	3,333
MASERATI	60	60	540	1,038
MAZDA	18,404	21,818	148,769	158,811
323	6,941	6,638	55,098	52,386
626	5,178	8,518	59,282	65,947
MX-6	2,817	0	3,221	0
929	623	0	710	0
RX-7	2,845	6,462	30,458	40,478
MERCEDES BENZ	7,796	8,734	67,799	66,997
190	1,448	1,889	13,908	15,246
260E	589	0	4,409	0
300	2,053	2,857	17,774	18,314
300SDL Turbo	526	1,034	5,336	3,953
420SEL	1,637	1,070	11,049	11,166
560SEL	452	769	4,498	6,709
560SL	933	865	8,752	8,291
560SEC	121	120	1,277	1,621
Tourist	37	136	796	1,697
MERKUR	2,268	1,601	11,805	11,919
XR4Ti	1,577	1,601	7,572	11,919
Scorpio	691	0	4,233	0
MITSUBISHI	5,411	4,035	52,893	36,008
Starion	338	460	4,274	4,151
Cordia	358	438	3,076	3,797
Tredia	425	661	4,262	7,366
Mirage	877	1,503	11,566	10,065
Galant	920	973	8,356	10,629
Precis	1,992	0	16,047	0
Van/Wagon	501	0	5,312	0
NISSAN	35,511	47,330	315,389	384,188
Sentra	6,303	17,099	84,362	130,271
Pulsar	6,151	4,342	51,098	36,145
Stanza	8,033	7,497	51,873	50,626
Maxima	10,004	10,232	72,550	87,084
200SX	2,424	2,933	25,649	35,065
300ZX	2,318	4,869	27,374	41,463
Hawaii	278	358	2,483	3,514
PEUGEOT	894	1,342	6,980	10,152
PONTIAC LeMans	8,135	0	26,948	0
PORSCHE	2,301	1,981	19,314	22,642
924S	446	316	2,551	1,993
944	788	430	5,273	7,527
944S	123	0	1,726	0
944 Turbo	233	553	2,035	5,417
911 Coupe	296	270	3,257	3,206
911 Turbo	139	43	1,200	1,058
911 Cabriolet	145	142	1,782	1,545
928S	129	222	1,490	1,896
SAAB	3,637	3,481	35,135	36,768
900	881	1,084	7,637	11,212
900S	1,264	1,074	11,520	11,375
900 Turbo	702	760	6,862	6,387
9000S	345	0	2,812	0
9000 Turbo	402	527	5,631	7,150
Tourist	43	36	673	644
STERLING	1,465	0	10,782	0
SUBARU	19,674	16,759	129,369	137,283
Hatchback	766	1,445	5,791	13,215
3-Door	1,484	1,464	10,676	8,561
4-Door Sedan	4,285	4,125	31,264	39,488
XT	1,555	2,247	14,621	18,770
Station Wagon	10,347	7,478	58,962	57,249
Justy	1,237	0	8,055	0
TOYOTA	47,002	45,439	404,606	448,691
Corolla	8,092	11,735	73,327	108,628
Tercel	7,900	4,629	70,626	51,816
Celica	7,326	7,695	60,914	79,651
Supra	2,991	2,531	22,902	23,133
Camry	14,673	9,003	128,541	105,432
Cressida	2,623	4,188	17,033	30,761
Land Cruiser	390	453	3,087	3,009
Van	1,049	2,055	10,610	15,100
4Runner SR 5	137	224	1,248	4,241
MR2	1,391	2,406	12,626	22,356
Hawaii	430	515	3,692	4,564
VOLKSWAGEN	10,850	10,674	98,985	112,797
Cabriolet	1,096	833	11,734	11,167
Jetta	2,980	7,029	41,364	75,040
Vanagon	1,296	980	8,321	9,530
Quantum	825	1,061	5,384	8,541
Scirocco	697	771	5,740	8,519
Fox	3,956	0	26,442	0
VOLVO	8,647	9,289	89,598	94,339
240 Series	3,176	4,393	42,394	45,884
740 Series	3,415	3,947	34,621	38,354
760 Series	1,896	808	10,937	8,317
780	116	0	330	0
Tourist	44	141	1,316	1,784
YUGO	3,891	4,513	39,162	23,545
IMPORT TOTAL	286,756	291,471	2,336,506	2,382,056

*Total includes tourist deliveries.

Compiled by Karen Dabkowski

UIS drops takeover bid for Walbro

By Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTER

UIS Inc., New York, has withdrawn its offer to purchase a majority of Walbro Corp.'s common stock and has dropped a lawsuit against the Cass City, Mich., maker of fuel-system components.

The two companies' managements signed agreements on Oct. 13 that benefit both companies, according to a UIS spokesman. UIS, which owns about 6.4 percent of Walbro's common shares, will become an exclusive aftermarket distributor of Walbro electric fuel pumps for three years. Walbro sells to original-equipment manufacturers.

UIS and Walbro also have agreed that Walbro will be able to buy back one-half of its common from UIS at $25.50 per share.

A year from now, UIS may sell Walbro its remaining shares at a per-share price of $25.50.

In early September, UIS, which owns seven auto supplier firms, made a hostile offer to buy approximately 60 percent of Walbro's 3.5 million outstanding common shares at $27.25 per share.

Walbro's management and some shareholders rejected the offer and agreed to hold on to a 30-percent interest in the company. To ensure independence, Walbro sold $35 million of a new issue of preferred stock to General Electric Credit Corp., New York.

UIS filed for a temporary restraining order in the Delaware Chancery Court to prevent Walbro from using the preferred stock proceeds for 20 days. Before last week's settlement, the order was granted.

In addition to resolving differences with UIS, Walbro has agreed to settle several shareholder lawsuits brought against the company in connection with Walbro's actions to stop the acquisition.

Mazda dedicates U.S. plant

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

FLAT ROCK, Mich. — The major problems for Japan as a nation and for Kenichi Yamamoto as president of Mazda Motor Corp., as described by him, have a familiar ring. They sound like problems expressed by American chief executives.

"My biggest concern and headache as president of Mazda is a result of appreciation of the yen in relation to the dollar. That has brought U.S. costs closer to Japanese costs and brings into focus the local-content situation," he said.

His remarks came at the formal dedication of the Mazda assembly plant here.

"This plant and local content exemplify the two biggest concerns in Japan today. They both are a result of the yen's appreciation. They are: How to survive and how to cope with the industrialization of Japan and the transfer of industry overseas with a resulting loss of jobs. It was in that context that Mazda launched its biggest project yet, the Flat Rock plant," Yamamoto said through an interpreter.

The executive said U.S. costs are very close to Japanese costs when the value of the yen is about 140 to 150 to the dollar. The rate currently is about 144 per dollar.

"This has meant we've had to look harder and harder for local content," Yamamoto said. The cars built at the plant are at a local-content point of about 50 percent. That figure is expected to rise to about 75 percent by the end of the current product cycle.

Another effect of the yen's high value was a boost in the cost of the Flat Rock assembly plant to about $550 million, $100 million more than was estimated, Yamamoto said.

AUTOMOTIVE NEWS/JOE WILSSENS

While performing a Japanese custom during the plant dedication, Nobuto, left, and Ron Shanks, a team leader, paint an eye on a Daromu Doll

The new facility went on stream Sept. 1 and is running at a rate of six Mazda MX6 cars an hour. The rate will rise to 53 an hour by the start of 1988 when the Ford Probe will be added to the plant's product line. A four-door Mazda 626 model will join the product mix later.

The projected normal, two-shift production rate of 240,000 cars per year is expected to be reached in September 1988, according to Osamu Nobuto, president of Mazda Motor Manufacturing (USA) Corp. With overtime, production can be increased to 300,000 annually. Ford's share of output is slated at 60 percent.

Flat Rock workers have voted to be represented by the UAW. Work on a contract will start in November or December with a conclusion expected early next year, said David Merchant, vice president of personnel.

"It appears the UAW is ready to embrace our type of philosophy," Nobuto said. "We met with UAW President Owen Bieber early on and are convinced of that."

On job security, he said "we have a letter of intent on the subject but, with us, job security is more a matter of mutual respect and confidence than of a contract."

The hourly wage rate at Flat Rock for assemblers is $10.98 an hour; skilled workers and maintenance people receive $12.92 per hour. Mazda officials said those wage rates are about 85 percent of the Big 3's rates and that the gap will be closed over three years.

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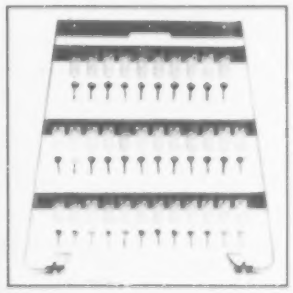

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Newspaper ad spending on autos up 34% in first half

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — A flurry of incentives, new warranties and new makes and models boosted newspaper advertising spending for the nation's automotive manufacturers, dealers and dealer associations during the first half of 1987.

Automakers and their dealers spent $314.6 million on newspaper ads during the first half of this year, up 34.06 percent over the $234.6 million spent in the first half of 1986, according to the Newspaper Advertising Bureau. The figures do not include ads placed by automakers and dealers in national newspapers such as USA Today or The Wall Street Journal.

The expenditures for the first half of 1987 exceeded the $314.2 million spent by automakers and dealers in the entire 1984 calendar year.

Val Corradi, vice president of automotive marketing for the Newspaper Advertising Bureau in Birmingham, Mich., said factories and dealers used newspaper advertising extensively to promote new warranties and incentives.

"During the first half of 1987, there was a warranty war that certainly spawned a lot of factory promotion," Corradi said.

"Also, dealers and factories advertised incentive programs in what I call 'call-to-action ads,' " he said.

Newspaper advertising spending by new-car and truck manufacturers alone totaled $94.6 million, up 123.12 percent from $42.4 million in the first half of 1986. In addition to incentives and warranties, many manufacturers introduced new vehicles in the first half of 1987.

For instance, Chevrolet spent $12.9 million on newspaper advertising in the first half of 1987, up 344.39 percent from the $2.9 million it spent in the same period in 1986. The dramatic increase was due to the division's three new products — Chevrolet C/K pickup truck, Corsica and Beretta — introduced in the spring.

Chevrolet was in a tight race with Ford Division to become the top-selling domestic nameplate in the 1987 model year.

see NEWSPAPER, page 30

DOMESTIC CAR NEWSPAPER EXPENDITURES (First Half 1987, in thousands)

	Factory	Dealer Assn.	Local Dealer	Total
American Motors				
Multi Cars	$ 39	$ 506	$ 1,582	$ 2,127
Jeep	105	70	602	777
Renault	110	501	405	1,016
Total	254	1,077	2,589	3,920
CHRYSLER (CORPORATE)				
Multi Cars	5,433	—	825	6,258
Service	121	—	—	121
Total	5,554	—	825	6,379
Chrysler-Plymouth				
Multi Cars	4,488	891	6,863	12,242
Caravelle	—	—	—	—
Fifth Avenue	—	—	21	21
Horizon	—	—	13	13
LeBaron	266	—	109	375
New Yorker	—	—	18	18
Reliant	153	29	48	230
Sundance	—	—	13	13
Voyager	136	—	40	176
Total	5,043	920	7,125	13,088
Dodge				
Multi Cars	4,090	841	5,543	10,474
Aries	153	—	39	192
Caravan	96	—	19	115
Charger	—	—	10	10
Colt	100	—	16	116
Daytona	—	—	17	17
Lancer	—	—	13	13
Omni	—	—	14	14
Shadow	19	—	8	27
Total	4,458	841	5,679	10,978
Total Chrysler	**15,055**	**1,761**	**13,629**	**30,445**
FORD MOTOR CO.				
Corporate Multi Cars	190	—	508	698
Corporate Service	263	—	—	263
Total	453	—	508	961
Ford Division				
Multi Cars	10,412	7,077	15,208	32,697
Aerostar	—	—	228	228
Crown Victoria	—	—	—	—
Escort	179	183	—	362
Festiva	100	—	10	110
LTD	—	—	36	36
Mustang	—	—	67	67
Taurus	407	833	956	2,196
Tempo	240	—	68	308
Thunderbird	—	—	103	103
Total	11,339	8,093	16,676	36,107
Lincoln-Mercury				
Multi Cars	745	3,438	5,162	9,345
Continental	—	—	—	—
Cougar	62	244	250	556
Lynx	—	—	21	21
Mark VII	—	—	57	57
Marquis	—	—	146	146
Merkur	24	—	118	142
Sable	32	61	230	373
Topaz	—	—	45	45
Town Car	—	—	116	116
Tracer	524	—	25	549
Total	1,437	3,743	6,170	11,350
Total Ford	**13,228**	**11,836**	**23,354**	**48,418**
GENERAL MOTORS				
Buick				
Multi Cars	1,704	1,091	3,735	6,530
Century	—	47	97	144
Electra	—	—	19	19
LeSabre	—	246	87	333
Park Avenue	161	—	28	189
Regal	—	—	74	74
Riviera	—	—	85	85
Skyhawk	—	—	73	73
Skylark	—	—	15	15
Somerset Regal	—	—	9	9
Total	1,865	1,384	4,222	7,471
Cadillac				
Multi Cars	106	748	7,068	7,922
Allante	—	89	250	339
Cimarron	—	44	176	220
DeVille	305	106	716	1,127
Eldorado	—	—	106	106
Fleetwood	—	—	251	251
Seville	—	—	155	155
Total	411	987	8,722	10,120

	Factory	Dealer Assn.	Local Dealer	Total
Chevrolet				
Multi Cars	7,253	1,919	14,173	23,345
Beretta	931	43	53	1,027
Camaro	22	17	82	121
Caprice	132	—	21	153
Cavalier	393	16	61	470
Celebrity	297	33	100	430
Chevette	—	—	16	16
Corsica	2,463	—	42	2,505
Corvette	—	—	165	165
Monte Carlo	—	—	5	5
Nova	1,252	—	56	1,308
Spectrum	162	—	15	177
Sprint	—	—	41	41
Total	12,905	2,028	14,830	29,763
Oldsmobile				
Multi Cars	3,289	974	5,150	9,413
Aerotech	257	—	—	257
Calais	78	—	41	119
Ciera	47	—	23	70
Cutlass	646	953	412	2,011
Delta	—	192	65	257
Regency	185	—	51	236
Toronado	118	—	10	128
Total	4,620	2,119	5,752	12,491
Pontiac				
Multi Cars	822	126	3,155	4,103
Bonneville	101	—	58	159
Fiero	—	—	35	35
Firebird	—	—	18	18
Grand Am	91	—	160	251
Grand Prix	—	—	—	—
LeMans	51	97	24	172
6000	74	—	27	101
Sunbird	—	—	54	54
Trans Am	—	—	—	—
Total	1,139	223	3,531	4,893
General Motors (corporate)				
Corporate	243	—	264	507
Multi Cars	1,803	—	—	1,803
Service	118	—	—	118
Total	2,164	—	264	2,428
Total General Motors	**23,184**	**6,741**	**37,321**	**67,168**
Several Makes	—	702	45,615	46,317

IMPORT CAR NEWSPAPER EXPENDITURES (FIRST HALF 1987)

	Factory	Dealer Assn.	Local Dealer	Total
Imported Cars				
Acura	$ 2,085	$ 565	$ 3,259	$ 5,909
Alfa Romeo	1,227	—	1,038	2,255
Audi	1,757	560	777	3,094
Aston Martin	—	—	—	—
Bertone	—	—	19	19
BMW	6,471	1,068	2,149	9,688
Datsun/Nissan	2,804	521	7,182	10,507
Ferrari	—	—	5	5
Honda	1,021	436	5,548	7,005
Hyundai	242	38	6,156	6,436
Isuzu	975	25	708	1,708
Jaguar	3,751	293	2,163	6,207
Lotus	—	—	31	31
Mazda	3,861	1,145	2,461	7,467
Mercedes-Benz	8,261	—	3,326	11,587
Maserati	—	—	40	40
Mitsubishi	433	291	2,809	3,533
Multi Cars	65	20	8,465	8,550
Peugeot	605	—	453	1,058
Porsche	842	—	756	1,598
Range Rover	178	—	311	489
Rolls-Royce	—	—	62	62
Saab	1,490	—	756	2,246
Sterling	695	218	1,002	1,915
Subaru	1,389	1,270	2,169	4,828
Suzuki	97	—	1,133	1,230
Toyota	1,610	537	10,458	12,605
Volkswagen	2,150	1,318	1,199	4,667
Volvo	985	572	1,476	3,033
Yugo	—	—	474	474
Zimmer G-Spirit	—	—	41	41
Total Imported Cars	**42,984**	**6,877**	**66,426**	**118,287**

RECAP OF FIRST HALF 1987

	Factory	Dealer Assn.	Local Dealer	Total
Total Domestic	51,641	21,415	76,893	149,949
Total Several Makes	—	702	45,615	46,317
Total Imported Cars	42,984	6,877	66,426	118,287
Grand Total	**$94,625**	**$29,994**	**$188,934**	**$314,553**

Multi Cars—Advertisement of more than one model.

Toyota ads to stress quality in 30th anniversary year

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Toyota Motor Sales will celebrate its 30th anniversary in the U.S. market with an advertising campaign emphasizing what has made it successful — quality.

Facing what could be its toughest year, Toyota will retain its themeline, "Who could ask for anything more?" preceded by the line, "Toyota quality," in both television and print commercials. Toyota ads broke Oct. 1 in selected markets and national ads broke during the weekend of Oct. 3-5.

George Borst, corporate marketing manager for Toyota Motor Sales U.S.A., said 75 percent of Toyota's advertising budget will be spent on television, 20 percent will be spent on print and the remainder will go toward outdoor signs and radio advertising.

The thrust in Toyota's advertising will be on its volume cars — Tercel, Camry and Corolla. Borst said 75 percent of its car advertising spending will be given to those models. Toyota's total advertising budget has been estimated at $200 million.

"Those cars are 75 percent of our volume and with our new U.S. plants coming on line soon, we want to build a broad base of support before the anticipated volume of cars (from those plants)," Borst said.

Toyota is building a new plant in Georgetown, Ky., that will begin building the Camry in the spring of 1988. It also will build Corollas in its new Cambridge, Ontario, plant beginning in fall 1988.

In the Corolla television spots, the car appears on the screen in a movie theater, then drives through the screen down the aisle of the theater while the young audience gasps. The voiceover says: "Toyota Corolla — new for 1988. Dramatic new looks that will stun you. Performance that will surprise you, and value that is legendary."

Corolla's sheet-metal changes are also the subject of a novel pop-up ad created by 3Dmark Inc. and Eastman Kodak. Special three-dimensional cardboard glasses will be inserted in the Oct. 26 issues of Cosmopolitan, People and Time magazines. When looking through the glasses, viewers can see the redesigned Corolla with a San Francisco skyline in the background.

Other television spots for Toyota cars include a pitch for the Cressida by golfer Chi Chi Rodriguez and voiceovers in advertising for other car lines by actor Martin Sheen.

Print ads for Toyota cars will give each car its own personality while continuing to use the tagline, "Toyota Quality: Who could ask for anything more?"

Truck ads will feature golfer Lee Trevino as a spokesman. In one spot, Toyota asks truck buyers not to compromise by buying a cost-cutter truck, referring to rebates, cut-rate financing and price-leader vehicles from domestic truckmakers this year.

Each truck line also will receive its own personality in print ads.

Niche marketing efforts will be increased this year. Borst said Toyota will continue its sponsorship of college football game broadcasts and the "Toyota Leadership Award" for selected National Collegiate Athletic Association football contests.

Marketing efforts aimed at blacks and women also will play important roles in 1988. Spot magazine buys in women's magazines and sponsorship of several programs on Black Entertainment Television will provide the major thrusts for Toyota in those markets.

Toyota broke its first movie theater ad last week. The 90-second spot features a chase scene between a "good guy" driving several Toyota models and a "bad guy" driving "Brand X," according to Borst.

The company also will promote its "Toyota Touch" owners' assistance programs in television spots for the first time this year. Owners are encouraged to call (800) 331-4331 with complaints and compliments on their Toyota models.

NEWSPAPER

FROM PAGE 29

The new Chevrolet car and truck models were promoted heavily last spring in a bid to regain market share.

Lincoln Mercury Division — which introduced its Mercury Tracer and Merkur Scorpio last spring — spent $1.4 million on factory advertising in newspapers in the first half of 1987, up 110 percent from $666,000 during the same period a year ago.

Domestic manufacturers and their dealers spent $149.9 million on newspaper ads in the first half, up 24 percent from $120.5 million in the same period last year. Importers and their dealers spent $118.3 million on newspaper ads during the period, up 54.9 percent from $76.4 million a year earlier.

In addition, the Newspaper Advertising Bureau includes a "several makes" category, which consists of multi-make ads by dealers. The total was $46.3 million in the first half of this year, up 22.5 percent over $37.8 million in the 1986 period.

Ford Division and its dealers outspent all other domestic and import nameplates in newspaper advertising during the period. Toyota and its dealers were the top spenders in newspapers in the import category.

Corradi predicted even stronger gains in newspaper spending during the second half of 1987 because of the advertising dollars spent for the year-end cleanup programs offered by all of the domestic manufacturers and many importers.

The increases in factory advertising by the domestic makers allowed individual dealers to cut back their newspaper advertising budgets. Domestic dealers spent $76.9 million on newspaper ads in the first half of 1987, off 12.09 percent from $87.5 million in the first half of 1986.

Ford Division dealers topped all other dealers in newspaper advertising during the first half of this year with $16.7 million.

Dealer associations spent $31 million on newspaper ads in the first half of 1987, up 31 percent from $23.7 million during the same period in 1986. Corradi said part of the increase was due to the influx of dealer associations formed by dealers handling new import makes. The dealer association totals are included in the manufacturer-dealer totals.

Total newspaper advertising for trucks — including factory, dealer and dealer association spending — totaled $19.9 million in the first half of this year, up 51.8 percent from the $13.1 million spent in that medium in the 1986 period.

Chevrolet spent more than any other nameplate on newspaper ads for trucks. The division and its dealers spent $7.3 million, up 329 percent from $1.7 million during the year-ago period.

DOMESTIC AND IMPORT TRUCK ADVERTISING IN NEWSPAPERS (in thousands)

	Jan.-June 1987	Jan.-June 1986	$ Change	% Percent
Chevy				
Blazer	$ 14	$ 203		
Multi Trucks	915	343		
Heavy Duty	20	9		
Pickup	6,012	573		
Van	363	551		
	7,324	1,679	+$5,645	336
Datsun/Nissan				
Multi Trucks	68	56		
Heavy Duty	7	75		
Pickup	381	1,898		
Van	19	N.A.		
	475	2,029	– 1,554	– 77
Dodge				
Multi Trucks	436	231		
Pickup	761	146		
Van	432	249		
	1,631	626	+ 1,005	161
Ford				
Multi Trucks	2,901	632		
Heavy Duty	44	79		
Pickup	3,259	1,101		
Van	362	240		
	6,566	2,052	+ 4,514	220
GMC				
Multi Trucks	601	713		
Heavy Duty	17	46		
Pickup	688	157		
Van	237	96		
	1,543	1,012	+ 531	52
Isuzu				
Multi Trucks	6	36		
Pickup	284	422		
Heavy Duty	122	147		
Van	82	10		
	494	615	– 121	– 20
Iveco				
Heavy Duty	66	71	– 5	– 7
Mack				
Heavy Duty	N.A.	17	N.A.	N.A.
Mazda				
Multi Trucks	4	N.A.		
Pickup	98	371		
	102	371	– 269	– 73
Mercedes-Benz				
Heavy Duty	7	N.A.	N.A.	N.A.
Mitsubishi				
Heavy Duty	23	N.A.		
Pickup	174	867		
Van	52	11*		
	249	878	– 629	– 72
Toyota				
Multi Trucks	239	567		
Pickup	919	2,222		
Van	58	90		
Heavy Duty	5	N.A.		
	1,221	2,879	– 1,658	– 58
VW				
Van	171	320	– 149	– 47
Volvo				
Heavy Duty	6	N.A.	N.A.	N.A.
	$19,865	$13,079	$6,776	51.8

Source: Media Records, projected to 125 markets
*—Listed as Multi Trucks for 1986 period
N.A.—Not available
Multi Trucks—Advertisement of more than one model

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AUCTION DATES

American Motors

Oct. 20 — D-A Auto Auction, New Stanton, Pa.

Oct. 21 — Minneapolis Auto Auction, Plymouth, Minn.; Kansas City Auto Auction, Kansas City, Mo.; and Northeast Auto Dealers, Newburgh, N.Y.

Oct. 22 — Greater Chicago Auto Auction, Chicago, and Wolfe's Evansville Auto Auction, Evansville, Ind.

Oct. 23 — St. Louis Auto Auction, St. Louis

Oct. 27 — Statesville Auto Auction, Statesville, N.C.

Oct. 28 — Columbus Auto Auction, Columbus, Ohio, and Kansas City Auto Auction, Kansas City, Mo.

Oct. 29 — Corry Auto Auction, Corry, Pa.

Chrysler Motors

Oct. 20 — Florida Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; and Hatfield Auto Auction, Hatfield, Pa.

Oct. 21 — A.D.E. of Birmingham, Birmingham, Ala.; Columbus Fair Auto Auction, Obetz, Ohio; South Seattle Auto Auction, Kent, Wash.; and Southern Auto Auction, Warehouse Point, Conn.

Oct. 22 — Fredericksburg Auto Auction, Fredericksburg, Va.

Oct. 23 — St. Louis Auto Auction, St. Louis

Oct. 27 — American Auto Auction, Walpole, Mass.; Arena Auto Auction, Chicago; Golden Gate Auto Auction, Fremont, Calif.; Hatfield Auto Auction, Hatfield, Pa.; and Dallas Auto Auction, Grand Prairie, Texas

Oct. 28 — Southwest Auto Auction, Phoenix, Ariz; Butler Auto Auction, Gibsonia, Pa.; and Minneapolis Auto Auction, Plymouth, Minn.

Oct. 29 — Clanton's Auto Auction, Darlington, S.C.; Northway Exchange, Clifton Park, N.Y.; and Indianapolis Auto Auction, Indianapolis

Ford Motor Co.

Oct. 21 — Columbus Fair Auto Auction, Obetz, Ohio; Lakeland Auto Auction, Lakeland, Fla.; Southern California Auto Auction, Fontana, Calif.; and Salt Lake Auto Auction, Salt Lake City

Oct. 22 — Greater Chicago Auto Auction, Chicago; Denver Auto Auction, Aurora, Colo.; and Skyline Auto Exchange, Fairfield, N.J.

Oct. 27 — South Seattle Auto Auction, Kent, Wash.

Oct. 28 — Northway Auto Auction, Clifton Park. N.Y., and Clanton's Auto Auction, Darlington, S.C.

Oct. 29 — Houston Predelivery Center, Houston; Bay Cities Auto Auction Inc., Hayward, Calif., and St. Louis Auto Auction, Bridgeton, Mo.

General Motors

Oct. 20 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; and South Seattle Auto Auction, Kent, Wash.

Oct. 21 — Atlanta Auto Auction, Atlanta; Baltimore-Washington Auto Exchange, Baltimore; Clanton's Auto Auction, Darlington, S.C.; Indianapolis Auto Auction, Indianapolis; and Omaha Auto Auction, Omaha, Neb.

Oct. 22 — Arena Auto Auction, Chicago; Ohio Auto Auction, Grove City, Ohio; St. Louis Auto Auction, Bridgeton, Mo.; and Utah Auto Auction, West Bountiful, Utah

Used Car Sales
Auction Averages

Oct. to date	$6,010
Month ago	$6,050
Year ago	$5,196

Model Breakdown
Auction Averages

	OCT 1987	SEP 1987	AUG 1987
1987	$11,307	$11,357	$11,726
1986	$8,749	$8,808	$8,934
1985	$7,293	$7,321	$7,385
1984	$5,736	$5,764	$5,754
1983	$4,924	$4,940	$5,016
1982	$3,576	$3,607	$3,648
1981	$2,557	$2,583	$2,632
1980	$2,032	$2,044	$2,072
Overall Average	$6,010	$6,043	$6,070

High DeLorean price surprises auctioneer

LONDON — A DeLorean sports car has been sold at an antique auction here for the equivalent of $24,000. It was expected to bring about $19,300.

"It was probably because it was one of the earliest DeLoreans and as such it was something of a rarity," said a Phillips auctioneer.

He added that it was probably the "youngest antique" the firm had ever sold. It had only 270 miles on the odometer.

Built in 1981, the car was given to a noise-testing consulting firm and dry stored after the collapse of the DeLorean carmaking operation in 1982.

Auctions slap NHTSA title rule

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Rules proposed by NHTSA requiring that vehicle titles be present at the time of transfer of ownership and that full odometer disclosure be required on the title have come under fire from the National Auto Auction Association.

NHTSA and the 172-member association are at loggerheads over the impact of the proposed rules and particularly at what point the sale of a vehicle takes place. Is it when the gavel falls or later when the title is released by a financial institution?

The association argues that the new rules mean the title has to be present at the time of sale. NHTSA officials are waffling, saying the proposed rules say "transfer of ownership" and the states must decide.

If dealers have to bring vehicle titles to the auction to sell vehicles, sales will be affected, auction managers say, because many dealers who finance cars don't have the titles in their possession — the titles are held by the financing institution.

"It will create havoc in the industry and surely put a lot of smaller dealers out of business," said Warren V. Young, chairman of the association's legislative committee.

He said the auction association supports the Truth in Mileage Act and its intent to increase penalties for odometer tampering and to encourage stronger enforcement of the odometer law.

But he said that under the proposed rules, vehicle sales could be hurt, and financial institutions may elect to reduce drastically their participation in automobile financing if they have to produce titles before loans are paid.

"Most banks and finance companies require that the lien be recorded on the title to be protected and that they retain the title in their files until the lien has been paid, at which time they will release it," Young said.

He said that in order to comply with the proposed rules, financial institutions would have to be willing to give up possession of the titles before being paid. He said he believes that is unlikely.

Young, who is president of Manheim Auction Inc., contended that the act does not require the title to be present at the initial sales transaction nor does it say that sellers are not complying by providing the traditional mileage disclosure statement at the time of the sale as long as the title also contains the same mileage information when it is delivered.

He said requiring the title to be present will hurt all sales made on weekends or after 5 p.m. when banks, finance companies and dealership offices are closed, making it impossible to have the title present.

NHTSA has misinterpreted the intent the act if it requires that titles be present at the time of sale, Young said.

"We submit that the most effective solution is to comply with the original intention of the regulations in continuing to require that odometer disclosure statements be executed by both buyer and seller, and that the same mileage on the disclosure statement be included on the title and all title reassignments," he said.

But a NHTSA spokesman disagreed. "We have never said the title has to be present at the time of the sale," he said. "The proposed regulation says that at the time of the transfer of ownership, the odometer disclosure must be executed."

The act is very clear that the mileage disclosure should appear on the face of the title and not on a separate statement, he said. He added that it is up to the states to decide what "transfer of ownership" means and when it takes place.

Congress passed the Truth in Mileage Act last October to create a paper trail of true mileage on used vehicles for consumers by establishing uniformity among states in odometer disclosure and titling.

The new law changed odometer tampering from a misdemeanor to a felony and increased the criminal penalty from a maximum one-year jail term to a maximum three-year term. It also increased the civil penalty from $1,000 to $2,000 per vehicle for those convicted of odometer spinning.

NHTSA rules to implement the act should be approved by December. States will have until April 1989 to comply by changing their titles to conform with the requirements of the act.

The new law means consumers will not only know the true mileage of the vehicle but also its previous owners and whether it is a trade-in or a fleet vehicle purchased at an auction.

GE GROWS: *Adds 2 auctions; now owns 15 in bout with Anglo, Manheim*

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

GE Credit Corp. has added two new auctions to its portfolio with the acquisitions of St. Pete Auto Auction in Clearwater, Fla., and Clanton's Auto Auction in Darlington, S.C.

Industry sources say GE paid about $37 million for the package, setting a record for the price paid in a single deal for auctions. A source at GE said he believed that figure sounded high by roughly 25 percent.

The auctions were owned by J.C. Clanton Jr. and Ray Clanton Sr., who will continue in management roles at Clanton's Auto Auction in Darlington.

GE's purchase on Dec. 31 — to take advantage of capital gains — of the Los Angeles Dealer Auto Auction and the Southern California Auto Auction are said to have involved $22 million and $30 million, respectively.

The most recent purchase by GE, which further reflects the continuing consolidation of the auction business, will fuel the already heated competition among GE; Anglo American Auto Auctions Inc., which now owns 20 auctions; and Manheim's 17 auctions.

Clanton's was the largest independent auto auction in the nation.

GE has been on the acquisition trail since it entered the auction business two years ago. It now owns 15 auctions throughout the nation.

Industry sources say the company is still on the prowl and has struck a deal with Ohio Auto Auctions Inc. in Columbus, Ohio, and is nosing around Detroit for property to build a greenfield operation to compete with Anglo's APTCO Auto Auction.

GE has doubled its annual sales volume from 300,000 to 600,000 vehicles per year.

"We've quickly become a major force in an industry that sells over four million cars annually," said Mike Zafirovski, president and general manager of GE Credit Auto Auctions, a subsidiary of GE Credit Corp. "In fact, we plan to contribute one million cars and trucks to that total by 1989."

The purchase of the St. Pete Auto Auction marks GE Credit's entry into the Florida market. Sources said the company will sink more than $1 million into improving and expanding facilities there to compete with the three Manheim auctions in Orlando and Lakeland, Fla.

GE has shown a propensity toward purchasing auctions then sparing no expense to upgrade them as it did with the Denver Auto Auction, which it acquired in December 1985, and the Newburgh Auto Auction, Newburgh, N.Y., which it purchased earlier this year.

AUCTION DIRECTORY

TEXAS

Auctions Unlimited, 2260 East I-30, Rockwall, Texas 75087. Dallas-Ft. Worth area. Sales every Monday & Wednesday 7 PM. 214-722-9495.

TEXAS

San Antonio Auto Auction (div. of GECAA), 1500 Ackerman Rd., San Antonio, Texas 78219. Sale every Weds. Contact: Frank Post or Michael Milikien, 512-661-4200.

TEXAS

"Texas Tuesday Tradition"
BIG H AUTO AUCTION
14450 West Road, Houston TX 77041
Five Selling Lanes
Every Tuesday 10:00 AM
Full Fleet/Lease Service
Airport Pickup
Call The Help Hotline For Information
Houston (713) 890-4300
A Manheim Auction

TEXAS

DEALERS AUTO AUCTION
Dallas County, Texas 214-642-3900
Sale Every Tuesday, 11 A.M.
Full service auction. Fleet & Lease. 400 repossessions selling weekly. 4 Lanes. Ford Motor Credit. General Electric. Chrysler Credit. Citicorp Acceptance Corp. Nissan Credit. Toyota Credit. Valley Bank. Banks & Financing Companies, etc.
Contact **Donny Gibson** or **Grady Gibson**
Member of NAAA & WAAA

WASHINGTON

So. Seattle Auto Auction. The lease & Fleet Specialists. Tom Chase, 1-800-872-6800. P.O. Box 5189, Kent, Washington 98064.

WISCONSIN

Metro Milwaukee Auto Auction. Sale every Wednesday. FMC, all leasing, AMC. 414-835-4436, Caledonia, Wisconsin.

Auction leaders see more Big 3 action

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

COLUMBUS, Ohio — Nearly 800 persons, including representatives of the Big 3 automakers and executives of more than 175 independent and chain-owned auctions in the United States and Canada, attended the National Auto Auction Association convention here to exchange views and keep abreast of events in the fast-paced business.

"Business has been very good this year," said 1988 NAAA President Jim Wheatley, manager of the Harrisonburg (Va.) Auto Auction.

"Ford, General Motors and Chrysler are expected to sell more cars through auctions in the coming year. We expect sales to exceed 4 million vehicles in 1988."

Association members expressed concern over the NHTSA proposed rules for implementation of the odometer law and proposed legislation by lawmakers in Ohio and Virginia requiring out-of-state dealers to buy dealer licenses in their states to sell vehicles.

Next year is the 50th anniversary of the first car sold at an auction in the United States. Roughly 30 cars were sold at that first auction, at Rawls Auto Auction Sales, Leesville, S.C.

Plans are under way by the association to celebrate the advent of the car auction at the NAAA convention next year. It will include invitations to past presidents and NAAA Hall of Fame members.

J. Omar Landis, manager of Garden Spot Auto Auction in Ephrata, Pa., was elected vice president of the association. New directors elected at the convention are: Jake Hershey, Pennsylvania Auto Dealers Exchange, York, Pa.; Joe Greco, Florida Auto Auction of Orlando, Orlando, Fla.; Stuart J. Frankenthal, Louisville Auto Auction, Louisville, Ind.; and Curt Hakanson, Tri-State Auto Auction, West Fargo, N.D.

REBATES

FROM PAGE 1

As of last Friday, Ford Motor Co. was continuing to look at direct-mail programs and other alternatives to traditional cash rebates and low-interest financing.

Some Ford dealers contacted last week expressed concern that Ford customers may be offered coupons by GM and Chrysler and not by Ford.

"I want to retain the competitive relationship I have with GM and Chrysler dealers. If direct-mail incentives work for them, I want them," said Walter Douglas, president of Avis Ford, Southfield, Mich.

Although it is doubtful direct-mail programs will replace traditional incentives offered to all customers, manufacturers say they are trying to come up with new twists to low-interest financing and rebate programs, which are growing stale.

"What we saw in the September sales results (with 1.9 APR financing and generous cash rebates) was consumers saying, 'Aw, gee, I'm not going to buy now, they'll have a deal when I'm ready to buy,' " said Chrysler Motors Chairman Gerald Greenwald. "We'll see how this works."

Domestic-car sales were off 34 percent in September from September 1986. Chrysler domestic-car sales slid 48 percent during the month.

GM Chairman Roger B. Smith told a group of businessmen in Chicago last week that GM would not instigate the next round of low-interest incentives and rebates. He said GM dealers want to get back to selling products and not incentives.

Both Greenwald and officials from GM say rebate offers mailed to owners of their cars have been successful in the past. Chrysler offered direct-mail rebates to Chrysler owners and employees under its "Thank you America" program that ran from Feb. 11 until June 6, 1985.

A similar program was repeated a year later when Chrysler offered its "Thank You America, Again" rebate program between Feb. 20 and May 10, 1986.

GM experimented with direct-mail rebates earlier in the year in four test markets. All divisions were included in the program, which ran from May 20 until July 31 in Minneapolis, Cincinnati, Denver and Tampa, Fla. The program — called "Owners First" — offered two million GM owners in those cities rebates of $200 to $1,500 on almost all GM vehicles.

The program was so successful that Buick and Oldsmobile launched a nationwide direct-mail program on July 16.

The Buick program offered three million Buick owners and competitive make owners rebates between $300 and $500 on selected models. The Oldsmobile program offered an unspecified number of owners and competitive make owners rebates of $300 to $500 or reduced financing rates on selected models. The program ended Sept. 30.

But while the GM rebate programs generated sales, some dealers reported problems, including late payments by GM to cover the value of the certificates.

One Chevrolet dealer who participated in the "Owners First" program said his dealership had to wait several months to receive $47,000 to cover the rebates used as down payments.

A Buick dealer in the Tampa, Fla., area said his dealership covered $120,000 in rebate money for several months until he was paid by the factory. Some customers who chose to receive the cash rebate directly from the factory waited four to five months for their checks, dealers said.

GM dealers reporting problems were told that the corporation was not prepared to handle the large volume of responses. Administration of the program — validating certificates and handling complaints — was later given to divisional personnel, some of whom were not familiar with the program, according to dealers participating in the program.

Subaru, Peugeot add incentives for dealers; BMW extends 6.9%

By John A. Russell
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — Subaru of America and Peugeot Motors of America have launched dealer incentive programs, and Subaru and BMW of North America have extended their customer incentive offers.

Subaru of America has extended its program of up to $1,500 in rebates and 3.9 percent financing rates to Dec. 31.

While the program remains essentially the same as when it began earlier this year, a Subaru spokesman said regional adjustments are being made by distributors. Under terms of the program, at least one car in the lineup must carry a $1,500 rebate and DL sedans and wagons must carry an $800 rebate. Incentive money is contributed by Subaru of America, the distributors and dealers.

Subaru added cash incentives for dealers. The program began earlier this month and runs to Jan. 8. Incentives are based on a dealer's performance against sales objectives. After a dealer reaches 80 percent of his goal, he will receive $400 per car. The payment goes up to $1,200 per car for those reaching 115 percent of the objective.

In addition, there is a Fast Start Bonus of $200 per car for those reaching 40 percent of their objective within the first month. Subaru had a 59-day supply of cars Oct. 1 compared with 90 days Sept. 1.

Peugeot Motors of America also launched a dealer incentive program earlier this month. It coincides with the consumer rebate of $4,000 to owners of Peugeot diesels toward the purchase of a new 1987 gas-powered model.

Peugeot will send the dealer a check for five percent of the wholesale value of the car for each retail delivery of a 1987 model. A Peugeot spokesman said the average wholesale price ranges between $17,000 and $18,000. The program runs through Dec. 31. Peugeot had an 85-day supply of cars Oct. 1 compared with 88 days Sept. 1.

BMW of North America is continuing its 6.9 percent financing rate through Oct. 31 on all 3-series models including the M-3 and the convertible. After that date, the program will be available only for the M-3 and convertible; it expires Dec. 31 for those models. The program originally was scheduled to end Sept. 30.

BMW had a 61-day supply of cars on Oct. 1 compared with 60 days on Sept. 1.

COMPACTS

FROM PAGE 1

1987 model year, up from 465,170 the previous year.

Compact cargo vans posted a 12.89 percent decline; sales of 122,920 were off from 141,109 in the 1986 model year.

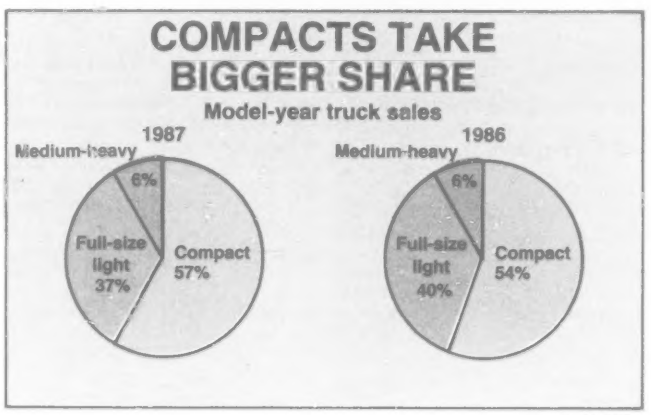
Small sport-utilities accounted for 697,521 sales in the 1987 model year, up 15.53 percent from 603,770 the year before.

Compact pickups, which are still the single largest segment in the entire truck market, have largely plateaued, as analysts predicted. This is a very crowded and mature segment with few new entries to spur its growth.

By contrast, many manufacturers have either introduced, or are planning to introduce, new entries in the compact sport-utility and van market.

In the 1987 model year, small pickups accounted for 1,441,130 sales, up marginally from 1,432,868 the previous year.

Full-sized pickup, van and sport-utility segments have all been shrinking, though GM predicts it will buck that trend with its new full-sized pickups in the 1988 model year.



LANCE GRAVES

Full-sized pickups, including the now-discontinued Chevrolet El Camino/GMC Caballero, accounted for 1,166,135 sales in the 1987 model year, off 6.63 percent from 1,248,975 the year before.

Sales of full-sized two-door sport-utilities, including Ford Bronco, Chevrolet Blazer, GMC Jimmy and Dodge Ramcharger, dropped to 110,171 from 129,441 in the 1986 model year.

Four-door station wagon-style sport-utilities, including Chevrolet/GMC Suburbans, Jeep Grand Wagoneer and Range Rover, accounted for 91,228 sales, off 7.70 percent from 99,195 the year before.

Sales of full-sized cargo and passenger vans were both off last year.

Commercial cargo models, accounting for 84.31 percent of the full-sized van market, had sales of 399,414 units, off from 422,351 in the 1986 model year.

Full-sized passenger vans, accounting for 15.69 percent of the big van market, had sales of 74,354, off from 88,571.

SALES

FROM PAGE 1

DOMESTIC SALES

	Oct. 1-10, 1987	Oct. 1-10, 1986
Eagle	656	2,680
Chrysler	9,187	12,836
Plymouth	6,627	11,497
Dodge	8,244	15,034
Chrysler Motors	24,714	42,047
Ford	26,066	40,474
Mercury	8,826	13,485
Lincoln	3,770	6,464
Ford Motor Co.	38,662	60,423
Buick	11,589	36,311
Cadillac	7,476	10,841
Chevrolet	27,648	37,985
Oldsmobile	15,397	30,302
Pontiac	14,922	21,591
General Motors	77,032	137,030
Volkswagen	805	1,310
Honda	6,784	5,203
Nissan	2,153	1,610
Toyota	593	0
U.S. Industry Total	151,043	247,623

"We've had two excellent months selling over 200 used units in both months," said James Hoffer, general sales manager, Jordon Motors (Ford-Toyota-Volvo), Mishawaka, Ind.

Sales of U.S.-built cars totaled 151,043, down from last year's 247,623. The daily selling rate this year was 16,738 compared with 27,514 a year ago. Both periods had nine selling days.

Many dealers said they expected better traffic with model introductions. Some admitted that consumers were waiting to see if rebates return. Others speculated that sales of new models may have been hurt by cancellation of television spots during National Football League games.

"There's definitely less traffic. Our sales are about 50 percent down, but we've sold all of the models with Quad 4 engines," said Johnny Crow, general sales manager, CMC Oldsmobile-Cadillac, Los Gatos, Calif.

The Big 3 reported sales downturns of 36 to 44 percent for the first 10 days of October compared to a year ago. Ford Motor Co.'s sales dropped to 38,662 units, down 36.01 percent.

Chrysler Motors' sales slumped 41.22 percent to 24,714. Mid-October sales may be boosted by the infusion of new rebates up to $1,000 that kicked off Oct. 15.

A Las Vegas Chrysler-Plymouth dealer said, "Inventories are good. The Fifth Avenue, Voyager are very popular. We're down about 10 percent compared to the first 10 days of September. We have about a 90- to 120-day supply. We're excited about the new incentives."

General Motors' deliveries slumped 43.78 percent to 77,032 compared with a stellar 137,030 a year ago. A bright star for Pontiac dealers is Bonneville, which more than doubled its sales of the first 10 days of October last year.

"The Bonneville SE is the highlight of our car line," reported Sam De Angelo, general sales manager, Ray Laethem Pontiac, Detroit.

Honda reported a 30.39 percent sales gain for the period with 6,784 deliveries vs. 5,203 last year.

Nissan's sales rose 33.73 percent. Toyota sold 893 cars in the first 10 days of October; it was not reporting sales of U.S.-built cars at this time last year. Volkswagen's sales of U.S.-built cars were off 38.55 percent. Mazda did not issue a U.S. sales report.

SATURN

FROM PAGE 3

Another provision is a right of first refusal: Saturn can buy a dealership if the dealer wants to sell to somebody who does not meet Saturn's qualifications. Saturn would buy under the same terms as the unacceptable buyer had offered. The same clause is in the GM dealer agreement.

But unlike the GM agreement or others, Saturn also has the right of first refusal when a dealer is threatened with termination. For example, if a dealer fails to meet performance standards for sales or customer satisfaction, Saturn can buy the dealership for the fair market value.

Cubbin said that because Saturn dealers will have unusually large market areas, Saturn cannot afford to have an area uncovered.

The successor provision in the Saturn franchise agreement is also different from others. Successors must go through the same selection process as initial dealers. Ideally, Saturn would like to have dealers write into their business plan who their successor will be. The successor then will go through the qualifying process long before the successor takes over.

In yet another unusual provision, the Saturn franchise agreement requires training for all dealership personnel. Training involves not only technical and product training but also teaching personnel the importance of customer satisfaction and how to achieve it.

In August, Saturn sent about 12,000 packets of information on the franchise to all GM dealers and others who had requested the information. The packets included preliminary applications.

Donald Hudler, Saturn vice president of sales, service and marketing, called the response "gratifying."

Saturn will have 100 dealers in 30 major markets when its car is launched in 1990. Dealers will be added as production at the Spring Hill, Tenn., plant increases gradually to 250,000 units a year.

Saturn will begin the dealer selection process by geographic area. Southern California dealers will be chosen first; New York next.

Qualified dealers will be sent a second, more detailed, questionnaire.

The questionnaires will be followed by visits by Saturn officials to the dealerships beginning in January and a visit by the dealers to Saturn headquarters to see the car and product plans.

Hudler said about 80 percent of the preliminary applications returned to Saturn are from GM dealers. They came from all over the country, and Saturn has received at least two applications for each of its 123 market areas.

Of the 2,000 applications received, Hudler said more than 1,800 met the minimum net worth of $1.3 million. He added that about 50 applications came from individuals or groups with no experience in the auto business.

In addition to processing applications, Saturn will study each of the 123 market areas to identify who the best dealers are. Hudler said Saturn will recruit good dealers who did not apply.

Dealers will be allowed to have multiple locations, including sites in shopping centers.